

MISSOURI STATE AUDITOR'S OFFICE FISCAL NOTE (11-75)

Subject

Initiative petition from Marc Ellinger regarding a proposed amendment to Chapters 84, 86, and 105 of the Revised Statutes of Missouri. (Received November 15, 2011)

Date

December 2, 2011

Description

This proposal would amend Chapters 84, 86, and 105 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Jackson County Legislators**, **St. Louis County**, the **City of Kansas City**, the **City of St. Louis**, **Rockwood R-VI School District**, **University of Missouri**, **St. Louis Community College**, the **Kansas City Board of Police Commissioners**, and the **St. Louis Board of Police Commissioners**.

Assumptions

Officials from the **Attorney General's office** indicated that any resulting costs of the proposal could be absorbed with existing resources. Section 84.345.2 of the proposal provides that the state would continue to provide representation, and reimbursement of claims from the Legal Expense Fund ("LEF") pursuant to § 105.726, for claims arising out of actions occurring before the date of completion of transfer to local control. The earliest date the City of St. Louis could establish a local police force is July 1, 2013.

Some statutes of limitation to bring a claim are five years. Consequently, officials from the AGO do not expect cost savings over the next few years.

Also, section 105.726.3 of the proposal repeals the provision that the state Legal Expense Fund reimburse Kansas City or St. Louis "on an equal share basis per claim" up to \$1 million for related judgments. Consequently, LEF would cover the first \$1 million instead of sharing that amount with each city. In most previous years, the \$1 million cap has not been met. Therefore, the repeal of the "equal share per claim" provision would increase the cost to the state up to that amount.

Officials from the **Department of Agriculture** indicated there will be no impact on their department.

Officials from the **Department of Economic Development** indicated no impact is anticipated for their department.

Officials from the **Department of Higher Education** indicated this proposal would have no direct, foreseeable fiscal impact on their department.

Officials from the **Department of Health and Senior Services** indicated this initiative petition is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated that this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposed initiative petition should have no fiscal impact to their department.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated there will be no impact for their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no immediate monetary impact on their department.

Section 84.341 as written conflicts with the confidentiality statute, Section 32.057, RSMo. The Director of Revenue is a state appointed official, and would be in violation of Section 84.341, RSMo, if she refused to disclose tax information as to be in conformity with Section 32.057, RSMo.

Officials from the **Department of Public Safety** indicated they assume that any costs associated with this initiative, if approved by the voters, can be absorbed with existing resources.

Officials from the **Department of Social Services** indicated there is no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office if this amendment is approved by the voters.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated there is no fiscal impact to their department.

Officials from the **Office of Administration** indicated they estimate annual net savings to the general revenue fund of \$500,000. This is calculated from an estimated \$1 million savings based on the changes in defending and paying claims against the St. Louis Board of Police Commissioners and \$500,000 of additional costs of claims based on changes in defending and paying claims against the Kansas City Board of Police Commissioners.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated this initiative petition appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this initiative petition has no impact on their office.

Officials from the **City of Kansas City** indicated there is no fiscal impact to their city.

Officials from the **City of St. Louis** indicated:

They believe that the fiscal impact of the amendments to Missouri's statutes proposed in this initiative petition will be extremely positive for their city in a variety of ways, as follows.

First, city officials believe that these amendments will allow the city to combine a variety of administrative functions now carried out independently by the Police Department with functions of the same type also carried out by the city. These functions include emergency dispatch, accounting and budgeting, information technology, printing, and facilities management, among others. In addition, it will be possible to eliminate administrative functions now carried out by the Police Department that will no longer be necessary—these include expenses related to the Board of Police Commissioners.

Based on the assumptions expressed in the attached table, city officials estimate that the city will save approximately \$3.46 million from the elimination of duplicative and unnecessary administrative functions that local control will make possible. The city can use administrative savings realized to improve public safety and other direct services for citizens. Note that this estimated savings amount is based on a number of assumptions that may or may not prove to be correct: actual savings may be less or may be more than our estimate as we work with Police Department staff to combine functions and achieve other efficiencies while enhancing public safety-related police services. The ability to estimate potential savings is hampered at present by a lack of detailed cost and function data from the department.

In addition, although city officials said they cannot estimate the amount of savings in the limited time and with limited data available for this response, they believe additional savings are possible: the Police Department has purchased an accounting/payroll system at what city officials understand was a cost of several million dollars that could address a major unmet city technology need—if the city can take advantage of this system, the city will avoid the cost of independently purchasing a similar system, allowing the city to reduce personnel costs through attrition.

The officials also said they note that, with the exception of the elimination of the one (1) commissioned officer who works for the Board of Police Commissioners, the city has not suggested that any savings can be achieved by eliminating uniformed officers. The officials said they believe existing uniformed officers need to be retained for the safety of residents, workers, businesses and visitors. Those uniformed officers now engaged in functions that duplicate city administrative functions can be redeployed in activities that directly contribute to public safety. In that regard, the administrative efficiencies made possible by the proposed amendments can help improve public safety in the city because more police officers can be available to provide direct public safety services. This, in turn, will provide additional positive city fiscal impact, although it is also not possible to calculate the monetary value of this impact: more police officers "on the street" will improve both the perception and reality

of safety in the city and attract more residents, workers, businesses and visitors that enhance the city's revenue base. Using the savings achieved from eliminating duplicative administrative functions to improve public safety and other services for residents and businesses will have a similar positive fiscal impact, as will the fact that the city's police department will be an integral part of the government, like other police departments across the United States.

Estimates of Potential Savings:
City Control of St. Louis Police Department

					FY12	City			
SERVICE		Police Budget	Police Officers	Police Civilians	City Budget	Staff	Total for Function	Estimated Savings	Savings Rationale
Emergency Dispatch		690							
	Salaries	\$ 4,174,709	0	103	\$1,425,907	33			* Includes communications contractual
	Fringes	\$ 1,354,445			\$514,875				Dispatchers can be cross-trained;
	Equipment/supplies	\$ 467,186			\$279,200	*			estimated savings TBD
	Total	\$ 5,996,340			\$2,219,982		\$ 8,216,322	TBD	
Board Of Police Commissioners		100							
	Salaries	\$ 131,081	1	1	\$0				Staff not required if Board eliminated
	Fringes	\$ 43,974			\$0				
	Equipment/supplies	\$ 64,200			\$0				
	Total	\$ 239,255			\$0		\$ 239,255	100%	239,254.90
Human Resources		750							
	Salaries	\$ 614,802	0	12	\$1,794,989	36			Excludes benefits and academy
	Fringes	\$ 187,831			\$625,121				personnel; staff can be cross-trained
	Equipment/supplies	\$ 240,000			\$331,400				
	Total	\$ 1,042,633			\$2,751,510		\$ 3,794,143	20%	758,828.60
Information Technology		250							
	Salaries	\$ 2,136,071.00	0	33	\$2,187,361	40			Many functions duplicated;
	Fringes	\$ 620,678.00			\$913,745				equipment/software not included
	Equipment/supplies	\$ 388,000			\$874,050	*			
	Total	\$ 3,144,749.00			\$3,975,156		\$ 7,119,905	20%	1,423,981.00
Legal Services		180							
	Salaries	\$ 315,934	0	5	\$2,080,825	33			Some legal administrative
	Fringes	\$ 92,239			\$749,613				services can be merged with City
	Equipment/supplies	\$ 57,000			\$214,600	*			
	Total	\$ 465,173			\$3,045,038		\$ 3,510,211	5%	175,510.55
Internal Audit		130							
	Salaries	\$ 79,953	0	1		0			City has internal audit function
	Fringes	\$ 22,368							
	Equipment/supplies	\$ -							
	Total	\$ 102,321			\$0		\$ 102,321	90%	92,088.90
Budget Division		140							
	Salaries	\$ 506,531	0	9.25	\$287,105	5			Police "budget division" includes
	Fringes	\$ 149,766			\$97,652				payroll \$ accounting function.
	Equipment/supplies	\$ 74,000			\$33,850				Can be merged with City.
	Total	\$ 730,297			\$418,607		\$ 1,148,904	10%	114,890.40
Comptroller/Accounting									
	Salaries				\$2,896,830	57			Police "budget division" includes
	Fringes				\$998,526				payroll \$ accounting function.
	Equipment/supplies				\$355,914	*			Can be merged with City.
	Total	0			\$4,251,270		\$ 4,251,270	10%	425,127.00
Microfilm		610							
	Salaries	\$ 31,705	0	1	\$182,329	7			
	Fringes	\$ 11,086			\$79,832				
	Equipment/supplies	\$ -			\$57,000				
	Total	\$ 42,791			\$319,161		\$ 361,952	5%	18,097.60
Supply Division		150							
	Salaries	\$ 175,731	0	3	\$469,927	10			Can be merged with City
	Fringes	\$ 52,109			\$164,065				
	Equipment/supplies	\$ -			\$14,500				
	Total	\$ 227,840			\$648,492		\$ 876,332	20%	175,266.44
Multigraph		160							
	Salaries	\$ 346,896	0	9	\$362,312	10			Can be merged with City
	Fringes	\$ 114,167			\$164,763				
	Equipment/supplies	\$ 73,000			\$290,410				
	Total	\$ 534,063			\$817,485		\$ 1,351,548	20%	270,309.54
City Emergency Management Agency									
	Salaries				\$187,849	4			Functions can be merged with Fire
	Fringes				\$66,137				Department and Police Department
	Equipment/supplies				\$20,100				
	Total	0			\$274,086		\$ 274,086	95%	260,381.70
Facilities Management		630							
	Salaries	\$ 187,178	0	3	\$238,970	4			management only
	Fringes	\$ 54,786			\$78,676				

Estimates of Potential Savings:
City Control of St. Louis Police Department

	Equipment/supplies	\$ 33,000			\$50,440				
	Total	\$ 274,964			\$368,086		\$ 643,050	20%	128,610.00
Equipment Services		640				4			Management only
	Salaries	\$ 330,327.47	0	6	\$327,652				
	Fringes	\$ 99,276.43			\$28,091				
	Equipment/supplies	\$ -			\$75,445				
	Total	\$ 429,603.90			\$431,188		\$ 860,792	15%	129,118.86
Municipal Garage						7			Can be merged with Police Garage
	Salaries				\$195,878				
	Fringes				\$80,648				
	Equipment/supplies				\$17,500				
	Total	0			\$294,026		\$ 294,026	25%	73,506.50
Public Information		260							Public Safety Director's Office
	Salaries	\$ 211,210.00	0	3					Can provide some of these functions
	Fringes	\$ 60,406.00							
	Equipment/supplies	\$ 35,000.00							
	Total	\$ 306,616.00			\$0		\$ 306,616	60%	183,969.60
Total All Estimated Savings		\$ 7,540,305.60			\$ 17,594,105.47		\$ 25,134,411.08		\$ 4,468,941.58
Reduced By: Additional cost to City due to 100 % City Responsibility for Legal Judgments								\$1,000,000	
Total All Estimated Savings:								\$ 3,468,941.58	

Officials from the **Rockwood R-VI School District** indicated the district has no comment on this amendment.

Officials from the **Kansas City Board of Police Commissioners** indicated that this measure will have no cost or savings to their board.

Officials from the **St. Louis Board of Police Commissioners** indicated the measure's estimated net cost or savings is unknown. It will be affected by political and budgetary decisions relating to consolidations of services and work rules which will have to be debated and approved by political bodies within the City of St. Louis. In the event the measure is enacted, no changes will occur unless and until further actions are taken at the local level, which bring clarity to the size, structure and purpose of the St. Louis Metropolitan Police Department, and therefore, the net additional cost or savings of the measure cannot be readily determined.

The State Auditor's office did not receive a response from the **Department of Elementary and Secondary Education**, the **Department of Labor and Industrial Relations**, the **Missouri House of Representatives**, **Jackson County Legislators**, **St. Louis County**, **University of Missouri**, and **St. Louis Community College**.

Fiscal Note Summary

State governmental entities estimated savings will eventually be up to \$500,000 annually. Local governmental entities estimated annual potential savings of \$3.5 million; however, consolidation decisions with an unknown outcome may result in the savings being more or less than estimated.